

INSTRUCTIONS FOR FINANCIAL REPORT SCHEDULES

A. Introduction

This document provides instructions for the completion of the Financial Report schedules attached to the Form for MCC Disbursement Request in Exhibit A of the Disbursement Agreement. The purpose of these schedules is to provide an overview of the financial developments since the last disbursement period and to explain and justify any proposed cash request for the next disbursement period. In the event that MCC approves amounts different than those proposed in the Financial Report, the Accountable Entity is required to submit a revised set of forms reflecting the amounts approved by MCC. It is expected that Financial Reports will be processed on at least a quarterly basis, but other intervals are possible and the basic procedures for the completion of these schedules are not dependent on the length of the interval since the last request. Also note that these forms must be submitted at least every quarter even if no additional cash is to be requested.

The remainder of this Instruction deals with each required schedule in sequence.

Note that Schedules B, C, D and E primarily account for and establish the budget that will be in place during the next period. An approved budget must be available for both commitments and re-disbursements. Schedule F and Sections 3, 4 and 5 primarily account for and establish cash requirements which are driven only by actual and projected re-disbursements.

Also note that the terms, “current period” and “next period” are widely used in these instructions and on the forms and warrant definition. “Current period” refers to the quarter in which the Accountable Entity is presently operating under during the preparation of this report, and for which a Financial Report has already been submitted and approved three months prior. “Next period” refers to the quarter which is to begin at least twenty (20) days after the submission of this report, and for which any Disbursement Request to which the Financial Report is attached is intended.

B. Schedule B: Multi-year Financial Plan Adjustment Request Form

Purpose: Schedule B is used to request reallocations from one project or activity to another in the Multi-year Financial Plan. Schedule B should be completed even if no changes in the Multi-year Financial Plan are being proposed.

The left-most column with project and activity titles does not change and no action is required.

Column 1: Column 1 does not change and no action is required.

Column 2: Column 2 reflects cumulative adjustments to the Multi-year Financial Plan last approved by MCC, and should be taken from the final column of Schedule C from the previously approved Financial Report. Column 2 contains the full Compact amount by project and activity and the grand total of this column must always match the grand total of Column 1.

Columns 3 and 4: Show any proposed increases in the Multi-year Financial Plan for each in Column 3 and decreases (expressed as a negative number) for each project and activity in Column 4. The column totals for both Columns 3 and 4 must, when added together, equal zero, as the increases and decreases must not change the overall budget total for all activities.

Column 5: Column 5 shows the proposed Multi-year Financial Plan to be in place for the next disbursement period after considering the proposed increases and decreases. Column 5 is the sum for each row across Columns 2, 3 and 4.

C. Schedule C: Summary Report of Multi-year Financial Plan Adjustments to Date

Purpose: Schedule C provides a historical log of all of the approved changes to the Multi-year Financial Plan by project and activity. This table does not include proposed changes to the Multi-year Financial Plan in the request for the next disbursement period.

The left-most column with project and activity titles does not change and no action is required.

Column 1: Column 1 does not change and no action is required.

Columns 2, 3, 4, etc.: In Columns 2, 3, 4, etc. record the changes that have been approved through the current period. This information comes from adding together the amounts in Schedule B, Columns 3 and 4, of the previously approved Financial Reports. Amounts from Schedule B, Column 3, are expressed as positive numbers and amounts from Schedule B, Column 4, are expressed as negative numbers. The grand total for each of the Approved Adjustments columns in Schedule C must always be zero. As necessary, add additional columns by copying Column 4 and inserting it to the right. In order to print properly, hide earlier columns and show only the most recent three periods, but the electronic version should contain the complete history of changes.

Column 5 (or the right-most column if others have been inserted after Column 4): Column 5 contains the cumulative effect of previously approved adjustments by adding all the adjustments for each project and activity (across Columns 2, 3, 4, etc.) to the Original Multi-year Financial Plan in Column 1. The amounts in Column 5 must be the same as the amounts in Schedule B, Column 2.

D. Schedule D: Quarterly Financial Plan Adjustment Request Form

Purpose: Schedule D is used to propose changes by project and activity in the quarterly financial plan, meaning changes to the timing of re-disbursements, but not the aggregate amount.

The left-most column with project and activity titles does not change and no action is required.

Column 1: Column 1 shows the amount of the cumulative financial plans through the current period. This means the total of all planned commitments and re-disbursements through the current period. Column 1 should agree with Schedule D, Column 4, from the previously approved Financial Report that covers the current period.

Column 2: Column 2 shows the amount of additional budget needed to cover expected commitments and re-disbursements by project and activity through the end of the next disbursement period necessary to provide for all cumulative commitments and re-disbursements through the end of the next disbursement period.

Column 3: If originally budgeted requirements have been less than expected, use Column 3 to decrease the cumulative financial plan through the current period, to reflect the lowered level of budget use expected by project and activity through the next disbursement period. Amounts in Column 3 must be expressed as negative numbers.

Column 4: Column 4 contains all approved and proposed adjustments to the Cumulative Financial Plan. This will include the Current Approved Cumulative Financial Plan through the current period and the proposed incremental adjustments for the next disbursement period. Column 4 is the sum for each row across Columns 1, 2 and 3.

E. Schedule E: Commitment and Expenditure Report

Purpose: Schedule E is used to show how much balance remains in the Multi-year Financial Plan for each project and activity, after considering cumulative re-disbursements and commitments through the current period.

The left-most column with project and activity titles does not change and no action is required.

Column 1: The cumulative actual re-disbursement amounts for Column 1 should come from accounting reports as of the end of the disbursement period prior to the current period.

Column 2: Column 2 is an estimated amount, assuming this report will be prepared twenty to thirty (20-30) days prior to the end of the current period. The estimate should be derived from the actual re-disbursements so far during the current period, plus estimated re-disbursements for the remainder of the current period. The estimated payments might include some predictable recurring expenses (e.g., wages, utilities, etc.) and possibly estimates by project and activity managers about other re-disbursements that are likely to be executed through the end of the current period.

Column 3: Column 3 is the sum of Columns 1 and 2.

Column 4: This amount can be determined by the equation provided below.

Total Commitments at the beginning of the current period (defined as executed contracts)

Plus (+): New Commitments made during the current period

Less (-): actual payments made against those commitments during the current period

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Less (-): payments expected to be made against the commitments during the remainder of the current period

Column 5: Column 5 is the sum of Columns 3 and 4.

Column 6: The amounts in Column 6 are the Current Proposed Multi-year Financial Plan after considering any changes proposed for the next disbursement period. These amounts come from and should match exactly the amounts in Schedule B, Column 5.

Column 7: Column 7 is determined by the formula of Column 6 less (-) Column 5. Amounts in Column 7 should never be negative.

F. Schedule F: Projected Program Cash Requirements for Next Disbursement Period

Purpose: Schedule F is used to determine the projected cumulative re-disbursements as part of calculating the amount of disbursement that will be required for the next disbursement period.

Column 1: The amounts in Column 1 come from Schedule E, Column 3, Projected Cumulative re-disbursements through the Current Period.

Column 2: Column 2 reflects the projected cash requirements for the next disbursement period. Cash requirements arise from the liquidation of previous commitments (payments due on previously issued contracts) as well as payments for recurring expenses.

Column 3: Column 3 is the sum of Columns 1 and 2.

G. Sections 3-5

Purpose: Sections 3, 4 and 5 are used to calculate and explain the Disbursement Request for the next disbursement period as shown in Exhibit A, Section 1.

Section 3: Cash Reconciliation

Line 1: This cash balance would come from accounting reports and/or the bank reports on the status of the Permitted Account as of the beginning of the current period.

Lines 2 a-c: Show amounts received from various sources during the current period in the appropriate line.

Line 3: Show the total of amounts received during the current period (sum of Lines 2 a-c).

Line 4: Show the sum of the Cash balance at the beginning of the period on Line 1 and the receipts on Line 3.

Line 5a: Show the projected Re-disbursements for the current period. This should be the total from Schedule E, Column 2.

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Line 5b: Indicate any repayments of interest to the U.S. Government made during the current period.

Line 6: Show the sum of Lines 5a and 5b.

Line 7: This is the projected cash balance in the Permitted Account at the end of the current period determined by the formula of Line 4 less (-) Line 6.

Section 4: Disbursement Request

Line 1: Insert the projected program cash requirements for the next disbursement period from the total line of Schedule F, Column 2.

Line 2: This is the interest to be returned during the next disbursement period. The amount comes from Section 5, Line 7, and, therefore, represents interest earned and received but not yet returned to the U.S. Government.

Line 3: The working capital balance to be maintained is a constant. This amount does not change and no action is required.

Line 4: This is the projected cash requirement for the next disbursement period, including the working capital amount. This is the sum of Lines 1, 2 and 3.

Line 5: The cash balance is the amount from Section 3, Line 7.

Line 6: The proposed disbursement request is determined by the formula of Line 4 less (-) Line 5. This amount should also be included in Section 1 of Exhibit A of the disbursement agreement.

Lines 7 a-c: Breakdown of the next period's proposed aggregate disbursement request (Line 6) to be used as a schedule to pre-program the transfer of funds according to cash needed at the beginning of each month of the disbursement period. For the first month, as well as the two subsequent months (if necessary), of the period, enter the best estimate of cash requirements for that month. The sum of Lines 7a – 7c should be equal to Line 6.

Section 5: Interest Summary

Line 1: This will come from accounting reports or bank statements.

Line 2: Include the interest earned and received during the current period (do not include any estimates for the current period). This amount will also be available on accounting reports and/or bank statements.

Line 3: This is the sum of Lines 1 and 2.

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Line 4: The amount of interest returned as of the beginning of the current period should be the same as the amount shown on Line 6 of the same section in the Cash Reconciliation report of the prior disbursement period.

Line 5: The amount of interest returned during the current period will be available from accounting records. This may be the same as the amount calculated in Line 7 of the Cash Reconciliation report of the prior disbursement period, but in any event show here the actual amount paid during the current period (no estimates of future payments).

Line 6: This is the sum of Lines 4 and 5.

Line 7: This amount is determined by the formula of Line 6 less (-) Line 3. This should be a positive number. Arrangements should be made to pay this amount back to the U.S. Government during the next disbursement period.